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PART IV

Section—1-A.

CENTRAL BILLS AND REPORTS OF SELECT COMMITTEES THEREON.

NOTIFICATION.

No. L.D. 793—Legis. 3-52-7, Bangalore, dated 22nd July 1952.

Ordered that the Indian Companies (Amendment) Bill, 1952 (Central Bill No. 57 of 1952), introduced in the House of the People on 20th June 1952, published in the *Gazette of India*, Part II, Section 2, dated the 28th June 1952, be republished in the *Mysore Gazette*, for general information.

By Order of His Highness the Maharaja,

N. R. JAYA RAO,
Legal Remembrancer and
Secretary to Government,
Law Department.

GOVERNMENT OF INDIA.

Bills and Reports of Select Committees on Bills.

HOUSE OF THE PEOPLE.

The following Bills were introduced in the House of the People on 20th June 1952 :—

BILL NO. 57 OF 1952.

A Bill further to amend the Indian Companies Act, 1913.

BE it enacted by Parliament as follows :—

1. Short title.—This Act may be called the Indian Companies (Amendment) Act, 1952.

2. Amendment of section 91B, Act VII of 1913.—In section 91B of the Indian Companies Act, 1913, after sub-section (3), the following sub-section shall be inserted, namely :—

"(4) Notwithstanding anything contained in this section, the Central Government may, if it is of opinion that in the case of a public company which is a subsidiary company of any other company (whether that other company is a company within the meaning of this Act or not) it would not be in the public interest to apply all or any of the prohibitions contained in sub-section (1) to the subsidiary company in its relation with the holding company, direct, by notification in the Official Gazette, that this section shall not apply to any contract or arrangement made on behalf of the subsidiary company with the holding company or shall apply thereto, subject to such exceptions, modifications or conditions as may be specified in the notification."

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STATEMENT OF OBJECTS AND REASONS.

The prohibitions contained in section 91B of the Indian Companies Act, 1913, have acted and are likely to act as a check on the formation of public companies in India by certain foreign companies in accordance with the agreements entered into by them with the Government of India, because it would have to be an essential feature in such cases that close connection is allowed to exist in the public interest between the directors of the Indian Companies to be so formed (most of whom are likely to be the nominees of the holding companies) and the holding companies themselves. It is, therefore, essential that, wherever necessary, suitable exemptions should be granted from the prohibitions contained in the said section so that directors of the Indian Companies are allowed to exercise their powers effectively. Hence this Bill.

C. D. DESHMUKH.

NEW DELHI,
The 11th June 1952.